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Innovations in Conflict Management

Research Papers

Research Paper 10

**Employee Engagement and Line Management: The Case
of Musgrave**

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Introduction

Four approaches to managing workplace conflict have been identified. These may be summarized as (1) focusing on engagement, (2) strengthening line management, (3) strategic innovation and (4) muddling through. This paper analyzes a case in which the first two of these approaches overlap and in which the emergent strategy relies upon line managers to deliver a focus on engagement, aimed at the development of a high performance work organization (HPWO).

It is clear that in the past three decades the relationship between line managers on the one hand and personnel or HR managers on the other has changed significantly. Line managers have taken on increased responsibility for functions such as selection, appraisal, performance management, grievance- and discipline-handling and the implementation of policies on discrimination and flexibility, all of which would previously have been seen as the work of specialist personnel or HR managers. Workplace conflict, if it occurs at all, is likely to arise in these areas and, therefore, the shift of responsibility for this broad range of functions to line managers entails increased pressure on them to be able to anticipate and avoid, or if necessary cope with, such conflict.

Some analysts see workplace conflict as an inevitable consequence of the structure of the employment relationship and the competing interests of the parties (Lipsky, Seeber & Fincher 2003: xii). From this point of view, the solution, reduction or limitation of conflict is a major concern for managers (Purcell 2014: 231). Employee engagement is a central element of an approach in which managers seek to change the entire social system of the organization in a way that is aimed at increasing employee motivation, commitment and organizational citizenship behaviour, thereby minimizing grievances and disputes (Sparrow, 2013). Others suggest that traditional ways of seeing and dealing with conflict, including collective bargaining with trade unions, are outdated and ineffective and that employee commitment and direct communication are essential parts of a 'union-free' strategy (Adams 2000; Mooney 2005). Finally, there are scholars who argue that the key to conflict resolution is to strengthen or empower line managers, with or without a focus on either unions or engagement. This is often associated with the perceived transformation of human resource management from what Ulrich (1997) characterizes as the traditional bureaucratic role, disconnected from the real work of the organization, to a strategic 'business partner' model.

In the case analyzed in this paper, two approaches, employee engagement and line manager empowerment, are combined. The company concerned focuses on engagement in a way that is intended to develop commitment, motivation and enhanced individual performance leading ultimately to improved corporate performance. The company aims to achieve these beneficial outcomes by training and empowering line managers who are committed to open communication and engagement with employees, espousing the organization's values and asserting its needs while at the same time attending to the concerns voiced by those employees. There is no explicit union-free strategy at play in this company but there are indications that independent union organization may be weakening in the wake of changes in management approaches.

This case study is based upon practice in Musgrave, Ireland's largest retail company. The firm also engages in multinational activity, with operations in Great Britain and Northern Ireland and a small but growing presence in Spain, but the main focus of this paper is on its distribution centre at Fonthill, Dublin, in the Republic of Ireland. The case study shows line managers accepting increased responsibility for functions previously considered to be in the realm of HR management while at the same time seeking to nurture a sense of engagement among the employees who report to them. Consistent with the engagement framework, managers are expected to deal with any conflict that arises.

The company cooperated with this study and a number of HR and line managers agreed to participate in focus groups and one-to-one interviews as well as providing documentation, including training materials. Additional information is drawn from company reports and other material in the public domain, including the Labour Court's online database and specialist and general publications. The trade union MANDATE, representing members in the Superquinn supermarket chain which was taken over by Musgrave in recent years, reported little if any change from the policies, personnel and procedures that had been in place previously. Since the focus of this case study is Musgrave itself, that line of enquiry was not pursued further. SIPTU, the other main trade union representing Musgrave staff, declined to participate in the study.

This paper begins by setting out the organizational and commercial contexts for the case study. It then examines the history of employee relations in the company and surveys issues that have given rise to conflict. Next it analyzes the processes by which the company developed its current strategy. Finally it draws some conclusions.

Organizational Context: A Family Firm with an Unorthodox Structure

Musgrave has an unusual structure combining two business models, both of which are common in the grocery sector but which are seldom seen together. In one, the vertically integrated model, a single company owns and operates wholesale and retail functions. In the second, the franchise model, independent store owners, or franchisees, enter into agreements with the wholesaler or franchisor, undertaking that a certain – usually quite large – proportion of the goods they sell will come from that wholesaler.

Established as a family-owned grocery store in the nineteenth century, Musgrave now holds a strong position in the Irish grocery market with franchise agreements in which many independent owners have access to established brand identities and to central services for purchasing, marketing, HRM etc. The company also operates its own outlets and bought the Superquinn chain of 24 stores, employing 2,800 staff, in 2011. These stores were subsequently incorporated into the company's Supervalu group, which also includes independents. By these means, Musgrave formed networks of stores in four countries with various brand identities as shown in Table 10.1.

Table 10.1: Musgrave-owned and Associated Stores

Brand	Republic	NI	GB	Spain	Total
Budgens	-	-	188	-	188
Centra	460	81	-	-	541
Daybreak	185	-	-	-	185
Daytoday	86	88	-	-	174
Dialprix	-	-	-	66	66
Londis	-	-	1980	-	1980
Mace	-	136	-	-	136
Supervalu	219	37	-	16	272
Total	950	342	2168	82	3,542

Source: Musgrave Group Annual Report and Review, 2013

Musgrave family members hold approximately 75 per cent of the shares in the company while the remainder are held through an employee share ownership scheme. There are two Musgrave family members on the 13-person board of directors. The result is a continuing strong influence which is seen as a stabilizing force in the company (Musgrave Group, 2012: 21, 2013b). The family presence also provides the management team with access to patient capital and is thought to support a set of organizational values (Maughan & O'Dwyer 2010: 24). These values are discussed further below.

Commercial Context: Adapting Retailing to a Post-Recession Economy

Ireland's grocery market underwent considerable change in the recent recession, with consumers demonstrating much greater price sensitivity than had previously been the case and moving towards what Musgrave calls 'modest shopping'. To cope in times of austerity, in which the pressure on retailers continues, Musgrave developed a new corporate strategy which the company calls *Winning in the New World*:

We first implemented *Winning in the New World* in 2012, as a three-year strategy to further develop our brands to meet the needs of modest shopping. An important driver for this strategy has been our determination to establish new ways of working across the business, to help us deliver on our vision of being the leading partner to entrepreneurial retailers. One of these new ways of working is *Continuous Improvement (CI)* – where we focus on activities that will continually improve end-to-end processes as well as individual functions. The aim is to reach all employees – from the CEO to colleagues in divisions and depots. (Musgrave Group, 2013a: 26)

Table 10.2 and Figures 10.1 and 10.2, overleaf, illustrate the challenges faced by Musgrave and other grocery wholesalers and retailers in the past decade. Both figures show reducing profits as a result of the 'modest shopping' pattern identified by Musgrave.

Figure 10.1 shows a pronounced decline in the company's net profit margin (calculated by expressing net profit as a percentage of sales) in the past three years. This might in part reflect the interest on loans incurred as part of the company's expansion strategy but the operating profit margin, shown in Figure 10.2, accounts for earnings before interest and tax, and therefore illustrates the underlying trend. Similar reductions in profit can be seen in the financial results of other retailers. For example Tesco, which does not enjoy similar access to patient capital, reports a significant reduction in its net profit margin between 2010 and 2014, and in recent years it has discontinued operations in Japan (Felsted & Nakamoto 2012) and the USA (Felsted 2013) as well as restructuring its exposure in China (Davies 2013) and replacing its Chief Executive (Dennis 2014). By contrast, so-called 'discount supermarkets' such as Lidl and Aldi continue to grow rapidly (Felsted 2014; Pope 2014). In order to compete and attract customers, established retailers must reduce the price of goods on shelves while maintaining the quality and, unless they can cut costs or increase productivity at the same time, this inevitably leads to reduced profits.

Table 10.2: Turnover & Profits, Musgrave, 2002–2013

Item	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Turnover (€Millions)	2775.1	3341.1	3761.8	4393.6	4593.5	4885.6	4846.8	4500.6	4386.2	4460	4930	4800
Operating Profit	N/A	N/A	N/A	101	104.9	109.2	84	78.1	75.3	72.9	82.4	68
Operating Profit Margin (%)	N/A	N/A	N/A	2.30	2.28	2.24	1.73	1.74	1.72	1.63	1.67	1.42
Profit after tax	38.9	41.9	50.3	54.3	60.7	70.6	65.1	58.4	61.1	59.4	60.8	46.3
Net Profit Margin (%)	1.40	1.25	1.34	1.24	1.32	1.45	1.34	1.30	1.39	1.33	1.23	0.96

Source: Musgrave Group Annual Reports (various years)

Figure 10.1: Net Profit Margin, 2002–2013

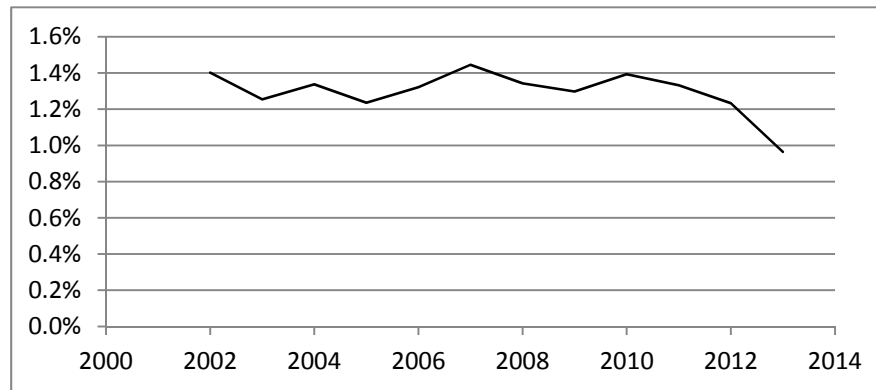
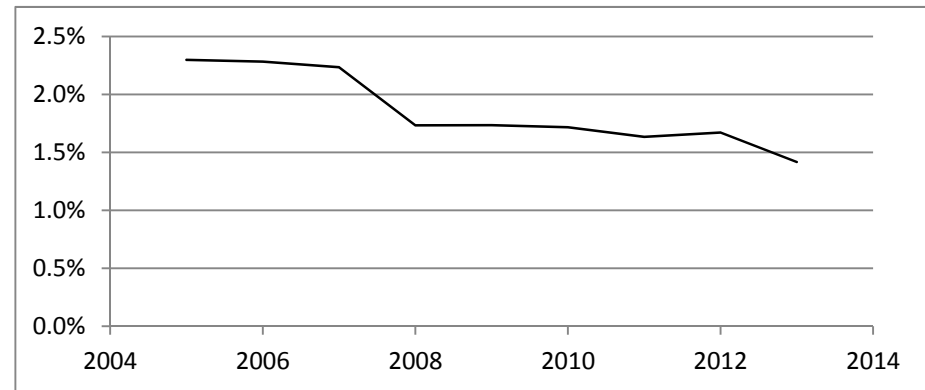


Figure 10.2: Operating Profit Margin, 2005–2013



Source: Figures 10.1 and 10.2 are based on Table 10.2

Employee Relations Tradition: A ‘Good Employer’

Table 10.3 shows the number of employees in Musgrave and associated retail outlets.

Table 10.3: Employee Numbers in Musgrave Group and Associated Stores

Brand	Locations	Employee Numbers
Group Operations	Republic of Ireland (ROI)	8,057
Centra	ROI/Northern Ireland (NI)	13,908
Daybreak – Daytoday	ROI/NI	2,905
Supervalu	ROI/NI	16,728
Mace	NI	976
Budgens	GB	3,480
Londis	GB	14,126
Dialprix	Spain	672
Total		60,852

Source: Musgrave Group Annual Report and Review, 2013

The Musgrave group has 56,000 direct employees, 35,000 of whom are based in the Republic of Ireland. The majority of them work in group operations, including warehousing and transport. Their role in supplying fresh produce to both Musgrave-owned and associated stores is considered to be of central importance. The resulting relationship between the company and those employees is similar in many ways to what Scranton calls ‘formal paternalism’, in which companies provided for and protected employees but also controlled them through more or less formal rules of good behaviour (1984: 239). Musgrave has long been known as a ‘good employer’ in the Irish grocery sector. For example, it established what has been called an unusually generous defined benefit (DB) pension scheme in 1968:

It had an accrual rate of one-forty-fifth for each year of continuous service, which provided for a full two-thirds of final salary after 30 years. It was non-contributory, with the employer paying 16% of pensionable pay. It also provided a guaranteed escalation rate of 3% a year. (White 2007)

The Group HR Director at the time said this was because the company recognized that people who contributed throughout their lifetime to make the company a success, ‘should be reasonably and fairly looked after in retirement’ (White 2007).

In the new millennium, the pension scheme began to run deficits. In 2002, the company changed the accrual rate to one-sixtieth of salary per annum and introduced an employee contribution of five per cent for new entrants. In 2003, it increased its own contribution to 18

per cent and reduced the escalation rate by half. It injected an additional €15 million into the scheme in 2006 and increased the employee contribution to six per cent. All of these changes were implemented by agreement with the staff through their union, SIPTU. At the same time, employees who opted out of the DB scheme, as well as new staff who chose not to join it, were offered membership of a defined contribution (DC) scheme supported by an employer contribution of 10 per cent of salary (White 2007). Despite these initiatives, by 2010 the company decided that it could not continue to recruit members to the DB scheme. It closed that scheme to new entrants, replaced the escalator clause with discretionary increases to pensions, injected further additional funds and, at the same time, improved the terms of the DC scheme (Cruise O'Shea 2010).

As noted above, these changes were made by agreement with SIPTU, consistent with the company's overall employee relations strategy. It has traditionally recognized trade unions and honoured recommendations of bodies such as the Labour Court. On purchasing Superquinn, it confirmed that it would work with 'the existing unions' (Farrelly 2011) and for their part MANDATE, SIPTU and the bakers' union (BFAWU) issued a joint statement welcoming the takeover (Keane 2011). Musgrave pays union-agreed rates which are somewhat above the norm for the sector. In addition, it funds a sick-pay system which allows an ill employee to take six months leave from work with full pay, subject to medical certification. The company has participated in the national *Excellence Through People* process in which it reached platinum level.

These traditions and initiatives appear to be consistent with the distinctive set of values in the Musgrave organization often referred to by managers as aspects of 'the Musgrave way'. The words used to express these values vary somewhat in different iterations but they appear as follows in a training course for managers in Musgrave Retail Partners Ireland (MRPI): *Honesty; Long-Term Stable Relationships; Working Hard; Achievement; Not Being Greedy* (Kelleher 2012).

The company has been willing to experiment with innovative forms of work organization and to allow time for them to bed in. For example, when establishing the Fonthill Depot in 1999, it developed a system of self-directed teams with a flat management structure. However, significant problems with this approach arose both in employee surveys and in work performance:

This was more than a concept, they actually hired on that basis. So the structure was team leads and then a very basic management team above that ... The employee survey process began in about 2001/2. The decision to change from team leaders to a line manager structure was a result of the surveys, as employees did not like the experience of a colleague exercising management authority... The company found that in 2004 or 2005 that it was getting very difficult to manage the place and so it decided to dispense with that model and put in a traditional management structure of depot manager, operations manager, line managers and then the employees... They were basically saying 'this isn't really working out, we've a very difficult workforce', which they thought at the time was very well paid; and I don't think it did more analysis than that other than to say 'we need to begin to look at the way we're actually participating with our employees'.
(HR Manager)

Before abandoning the 'democratic' team leadership model and replacing it with a traditional hierarchical management model, the company had allowed the original model to operate for a period of five to six years and had taken account of employee feedback. The picture that emerges in this section would seem to justify the view that the company was and remains a good employer. However, it would be wrong to imagine that there was never any conflict between the employer and employees. The next section analyses that aspect of the relationship.

Sources of Conflict: Legacy Issues and Recent Issues

Although Musgrave was seen as a good employer and worked with trade unions, its employee relations have not been without challenges. The Labour Court's online database shows that in the 25 years from 1987 to 2012, Musgrave and SIPTU (previously the ITGWU) required the Court's assistance to resolve 18 disputes concerning terms and conditions of employment of distribution team members (DTMs). Overlapping areas involving significant challenges identified by Musgrave managers include the management of change, a tendency to rely on the union as the primary means of communicating with staff, a limited capacity for line managers to engage in employee relations issues and difficulties arising from coping with differential rates of pay and terms and conditions of employment for different groups of workers. According to a HR manager:

We would have found in the past change management difficult. We'd have been spending a fair bit of time on management and administration; we'd have been going to third parties for resolution maybe too often. I suppose, by and large, we'd have had union committees that maybe almost on historical grounds would have grown up that would have taken over some of the communications that rightfully should have been held by management directly with the employees, and I suppose you needed to get back into a position of saying 'look if you're going to have some change management then it's up to the management to explain why and to get people on board'. (HR Manager)

Line managers were often frustrated by a lack of authority and a belief that, although they were responsible for the efficient operation of the depot, the employment relationship itself was managed from elsewhere. For example, they had little say in operating the sick pay scheme, which they considered to be exceptionally generous for the industry:

If someone was sick for six months we'll say in the past, going back a couple of years, you'd have never seen them in the Depot, all you'd have seen was a cert being sent in every week. Before, if I rang a guy when he was out for six months he'd go 'Jesus, you know I'm out for six months, it's certified, what are you ringing me for?' (Team Manager)

Similarly, line managers tended to take an arm's length approach in disciplinary matters:

There was a culture here when we started and if somebody done something you issue a letter, so it was a disciplinary letter. (Team Manager)

If the team member did not accept that letter, it went through a formal appeal process involving union representatives and HR managers and, if necessary, a Rights Commissioner. However, the line manager concerned had only limited involvement in that process, acting as almost a witness to the alleged offence rather than as a participant managing the situation.

More recently, problems arose from terms and conditions applied to different groups of workers. Like many firms, Musgrave used the services of employment agencies to recruit and manage workers during the 'Celtic Tiger' years. At the same time, Ireland experienced an unprecedented level of immigration and many workers from Eastern Europe found jobs in Musgrave as agency employees. In 2007, Polish agency workers organized a brief strike, with

the support of the Independent Workers' Union, arguing that they had worse conditions of service than Irish direct employees and were paid less (Szefs 2007). Musgrave management denied the claims (Berry 2007) and the dispute was settled following talks between the company and SIPTU at the Labour Relations Commission. The terms of settlement provided for the company to employ additional direct staff – albeit as hourly paid rather than salaried workers – to monitor and limit the level of agency work and to monitor the terms and conditions applied to agency employees (Higgins 2008).

Managers recognize that different terms and conditions of employment for different groups of staff may give rise to problems, even when they have been set by agreement with a union of which they are members, as in this case:

We have three different groups in the warehouse. We have salaried DTMs, we have Direct Operatives and we have hourly DTMs. All three would be on different terms and conditions so that's a challenge in itself... The salaried would have been the first people that we hired, back when the company opened. Their contract would have better financial terms and probably rostering hours than some of the groups that came in on the back end, the hourly DTMs and the Direct Operatives. (Team Manager)

We'd have those backed up with agency employees so *de facto* we have four levels, four types of employees working in the, I call them work groups, but they're doing the same work. So that has to be really minded because you can imagine, you know, the person that's on the lowest pay is looking at somebody else on higher pay but doing exactly the same work. But the company has very little option but to do it to get itself into a competitive place. (HR Manager)

As might be expected, invidious comparisons are made among the groups – for example paid sick leave is available to salaried workers but not to hourly-paid workers – and both formal and informal job demarcations have developed:

On a personal level there's no issues, or at least there's no issues that would be unusual in a warehouse environment, but there's a lot of comparisons made between each other's terms and conditions. One of the issues we've had to get over in terms of managing three work groups is to pull away as

much as possible from a layered [approach] – salaried DTMs insisting ‘that’s my work’. We’ve had to chip away at that over a period of time. It takes a lot of talking, a lot of communication and constantly looking out for opportunities to level the playing field. So, for example – these are very practical examples, but – we have direct roles and we have indirect roles. Salaried DTMs because they were the first group here and because they have agreements going back the decades at this stage, they would say, you know ‘indirect tasks are ours. Therefore, anybody you brought in after us, they can do all the direct work.’ And that’s true to a certain degree and we’ve had to stick by that as a principle to a certain degree. Unless new tasks come into the equation, in which case we use them as our opportunity to say ‘OK, well this is open for everybody.’ And it’s been a very slow chipping away. That’s one way in which we’ve done it. The other way in which we’ve done it is we’ve educated everybody on each other’s terms and conditions so if we’re bound by something everybody understands why we’re bound by something. They might not like it but it’s difficult to disagree with, I suppose, if it’s in writing. (Operations Manager)

The three most recent reported investigations concerning Musgrave by the Labour Court (Determination DWT1421, 2014) and the Equality Tribunal (Decisions DEC-E2012-162 and DEC-E2013-092) have dealt with individual complaints by three workers, all of them Eastern European, who claimed that they had been victims of discrimination. The complaints were not found to be justified in any of these cases but their very existence indicates that workforce diversity also represents a source of, or focus for, potential conflict.

This section has shown that, while Musgrave’s traditional approach to staff, including union recognition, collective bargaining and pension and sick leave schemes, better than the industry norm, may support its reputation as a good employer, nevertheless its relationships with staff have not been free of both collective and individual conflict. The strategy adopted by the company to bring about the kind of change it considers necessary in the employee relations context and against the challenging commercial background discussed above, is known in the company as *Winning in the New World*.

Winning in the New World: The Musgrave Framework for Employee Engagement

As noted above, until recently Musgrave managers perceived themselves as working with reasonably well-paid and otherwise well-treated employees who were nevertheless difficult to manage and resistant to the kind of change the management team thought necessary to cope with the changing market context. *Winning in the New World* is the company's three-year strategy to meet the needs of modest shopping. It has a range of strategic aims about brands, directly-owned stores, relationships with franchisees, operations and ultimately customers. All of this is underpinned by a 'determination to establish new ways of working across the business' including continuous improvement and affecting all employees 'from the CEO to colleagues in divisions and depots' (Musgrave Group, 2013a: 26). From the point of view of the managers, the entire process began long before, with the employee surveys which began in 2001–02:

The resultant action items from those early surveys included the company putting an emphasis on a partnership approach to improvements and change, and developing KPIs or Key Performance Indicators that would drive these. (HR Manager)

These surveys remain an important influence on managers:

There's a lot of emphasis on employee surveys, so we have to stand back and take notice and say listen, what can we do, how can we change the morale, how can we reduce conflict and stuff like that. So it was about empowering the people, reviewing the results of the employee surveys and putting a robust plan in place there to address everything from the employee survey results. (Operations Manager)

After some years, the surveys were linked to what is referred to as a voyage of discovery, facilitated by a 15-person team drawn from Operations, HR and other areas of the firm:

There were workshops and everything else that went along with it. Very much led from the top and I think that was the absolute key. We had a director who came out and said 'we're going to fix this; we have a problem with engaging with our people, the pace of change is too slow, there's too much conflict, we're spending too much time in the LRC and the Labour Court etc. Our people are telling us they're not happy in their jobs, they feel

trapped because terms and conditions are so good they feel trapped in the work environment.’ All these things were going on and he said ‘we’re going to crack this now. We’re going to solve this.’ It took about a year, year and a half to get that strategy together. I was part of a team; we went on what was called a voyage of discovery, which was basically going out to groups across each of the depots and asking them what they felt engagement meant. ... All that information was dumped out on the table and eventually there was a strategy put together. (Operations Manager)

The immediate output of these processes was a management development programme, albeit one that did not explicitly cover the question of conflict:

Not so much conflict, no. I’d say the path that we took at that stage was to ensure that the line manager had a reasonably good interface with his team because there’s where most of the conflict was arising and so if he’s able to go down and meet with them it wouldn’t be explicitly in it but was implicit in it that the benefit for the line manager along with the team was that there’d be less conflict. So we wouldn’t have put a programme into place that ‘this is conflict resolution’... Now running alongside that we would have done a number of programmes with people, like negotiation skills, but there wasn’t that conflict resolution issue. If the truth be known I’d say the company was a little bit reluctant to do it and name it that. It was almost like an admission that they had a problem. (HR Manager)

This section has shown that the drive towards employee engagement which was a central plank of the strategy was guided at least in part by the outcomes of employee surveys and the ‘voyage of discovery’ consultation process. The next section analyzes the training and development element of that strategy.

Training and Development for Line Managers

Musgrave’s management development programme is focused on the challenges facing the company and on preparing line managers to take on the additional responsibilities that the company considered to be associated with increased visibility of leadership in a time of significant change:

We brought in a bit of coaching at the time, brought in a company and hired a training and development manager and we would have given them a fairly focused support on presentation skills, listening skills. So it wasn't *per se* that we went out and bought a programme off the shelf, we didn't. We would have made sure that the person was equipped and gave them a little bit of confidence on meeting a team, doing a bit of a presentation and making sure that they catalogued the outcome of those meetings and go back in the next time and deal with that... We actually call it a whole process where we say you should be fairly familiar with what's happening in the company from a business perspective, you have to prepare yourself for the meeting, you should expect what type of question you're going to be asked so you can actually answer those queries. (HR Manager)

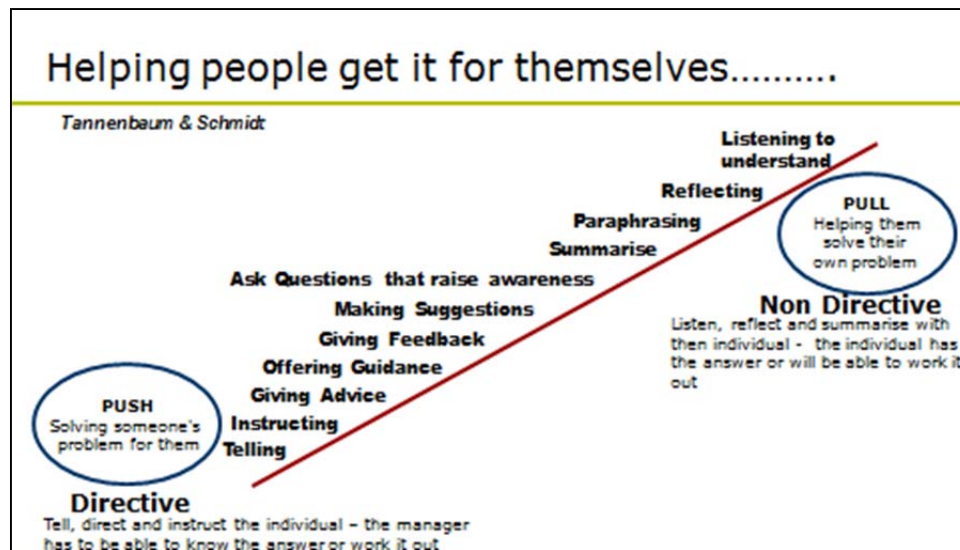
The two-day development programme in 2012 addressed, in the first day, the commercial challenges facing the company. Day 2 of the programme focused upon the launch of the engagement framework.

All people managers were invited to attend this second day and it was followed up with a series of workshops in each department led by the department manager, and one-to-one coaching sessions. (HR Manager)

The programme relied upon de Waal's (2012) analysis of the characteristics of high performance work organizations (HPWOs), emphasizing the importance of engagement, and on the classic continuum of leadership behaviour developed by Tannenbaum & Schmidt (1958, 1973). Figure 10.3, overleaf, is the Tannenbaum & Schmidt continuum as adapted for use in the Musgrave training programme.

The training programme explicitly engaged with this continuum and managers were encouraged to consider where they thought they should be located on the line from directive to non-directive management. A distinctive feature here is that there was a shift from the ostensibly non-directive approach to a more directive orthodox hierarchical line management structure and that this was partly in response to the outcomes of employee surveys. While the process is presented by the management team as one concerning engagement, it also reflects a decision not only to train line managers but also to increase their authority and assertiveness in dealing with a wide range of issues, including those that may lead to conflict.

Figure 10.3: Continuum of Leadership Behaviour



Source: Kelleher (2012)

This drive towards engagement was associated with an approach in which line managers took additional responsibility for HR matters:

Another thing we'd have done is train the managers so that they understood the policies and procedures; they aren't just the remit of HR but are the remit of the line managers. One of the things we began to do is begin to charge the line manager with the responsibility of managing his team, again a difficult enough process. So we would have put people through various different policies and procedures so that they clearly understood, so that if they have a bit of conflict at least they know what the policies are. We follow a standard process; if a person raises a complaint we ask the line manager to deal with it and the policy says it should be one-to-one first, or he observes it in the workplace or if the manager themselves are having a bit of a problem we'll ask them to try and deal with it first and we'll write to the individuals and say 'you've raised an issue there's three or four ways you can solve it, one-to-one, you can have an official investigation, you could do mediation or if the manager can be supported by somebody else that'll help you we'll do that.' It resolves at various different levels. We wouldn't do that much mediation although we're getting more into it. I've just sent two people at the moment for more mediation training. (HR Manager)

Therefore, policies regarding complaints or grievances have remained largely the same in accordance with company policy and the agreements with the trade union, although there has been some limited development in that mediation may be available in certain circumstances. However, line managers have been encouraged to take on a more active leadership role in their teams in terms of visibility, communication styles and ‘living the values’:

I think the whole communication style of what we do is key to I would say our success. It’s complete – the openness and transparency of the whole thing. I will hide nothing. (Team Manager)

This communications approach relies upon a suite of meeting types, and the manager’s performance is measured in part by their effectiveness:

So you have your huddles, you have one-to-ones, both of which are KPI’d [i.e., measured in terms of Key Performance Indicators]. There’s a ‘walk in my shoes’ programme, the PDRs were changed to make it a more two-way discussion. So there was this whole structure that was put in place. We found that as a management team – and particularly the line managers – that because we’d been fumbling around for so long with this stuff that the transition was fairly smooth and the guys were ready to go for it. (Operations Manager)

A ‘huddle’ is a meeting led by a line manager to update team members on priorities and objectives. In the Fonthill Depot, huddles take place monthly. It has been observed that the company prefers not to refer explicitly to conflict, and this also forms part of the approach of the line managers:

We talk about conflict resolution, obviously we have conflict within the Depot, obviously there are issues that arise but in the main we’re almost at a point of conflict avoidance. So the issues don’t come up as much or if they do, they come up at a very local level, at a team huddle, etc. and the Team Managers are strong enough and equipped enough to handle those. (Operations Manager)

The line managers appear to be quite confident that they can deal with conflict in their teams and they consider it important to do so if they want to be seen as ‘living the values’:

Just an example; there was two guys head-to-head there a couple of weeks ago... and there's people looking at you for direction. So there's two guys on the floor having a head-to-head, there's people looking at you to see how you're going to resolve this because we'll try to do everything in line with our company values. We bring this into a huddle every month, we discuss a value, if it's honesty, hard work, commitment, and we get that buy-in from the team. We ask the team what's their interpretation of the value and how they can relate it to their day-to-day role. How they can lead within their day-to-day role. So for an example if you see a guy like that, for me to turn my head and say listen the quiet life would be to – 'I didn't see the row' – you'd lose a lot of value and faith with the people around you because they're looking to you for guidance. You're the 'go-to-guy' so if you shirk – I'd see it as your responsibility you know just to go over and just solve that little confrontation. If you were to avoid that as I say you wouldn't have such a good footing with the guys on the floor. That's part of your remit. (Team Manager)

As noted by the Operations Manager, both the huddles and the one-to-one meetings are included among the key performance indicators (KPIs), meaning that they are discussed in the course of performance development reviews (PDRs) and that their level of activity and effectiveness in communications with staff is assessed:

At some stage during the month you would have a one-to-one with everyone; it's a formal yet informal meeting whereby you will discuss stuff and it's floor bound. It's not in an office but if there are other issues you can move it to an office. Every month we finish up and when we have it done we send off the information to HR who combine that into a score.... I could speak to someone on a one-to-one level every day. Initially we used to have to prompt ourselves to do it but now it's natural; you go down, you'd have a one-to-one, you'd speak to a guy about his holidays, he might have a sick child, something like that or you'd be speaking to him on a one-to-one level most days. Some people are more receptive, you know, it comes natural to them, other guys might be a little bit cagey but I think now because we do it so regularly it's natural to every member of staff. (Team Manager)

As well as being included in the KPIs, the line managers argue that there is an additional benefit to these encounters. Regarding the 'head-to-head' described above, in which the team manager intervened in a tense verbal exchange between colleagues:

The guy had issues which we were oblivious of. Now it's out on the table, he's seen the level of support that he's got from the company so he did get a discipline on the back of what he'd done but what he got on the back of it, he was brought into a room where he could feel he could say this. The company were able to provide some of the support and stuff like that and it's turned his life around because on the back of this, this guy has done one or two things to change his lifestyle and if he was heading in the direction that he was heading in he wouldn't be with the company. So it was a reality check; he was so relieved that he didn't lose his job. He thought that he was going to lose his job on the back of what happened. When he realized the company were just going to give him a discipline on the back of it because it wasn't in line with company values, the guy was so relieved and as I said appreciative for the level of support... What does the Team Manager get out of it? I think the answer is he reinforces his position as a leader in the depot and as a manager of people. You can't have a stronger position than being seen as a leader and he's a guy who is willing to challenge situations. There might have been 20 people in that area who were uncomfortable with that situation; they're all relieved that he has stepped in. We have a guy who probably will be loyal to him for life because he stepped in at a critical moment. This stuff is invaluable. Now if that was only a once off then you might say 'yeah, what did you get out of that?' but if that's your way of working, that you will challenge situations that aren't right then. Every organization has individuals who won't go on with this but 95 per cent of the people turn around and say 'Jeez I'm really happy you did that. You have more loyalty from me, I'll work harder for you, I'll give you a better return, I'll have more input, I'll give you more ideas' and everything else.

(Operations Manager)

In addition to the monthly huddle, a daily start-up meeting takes place with each shift before work begins. Again, this is a management-led meeting and if team members raise difficult issues, managers invite them for a one-to-one rather than leading a public debate:

We do a start-up at six o'clock; at 10 o'clock. Before, people would bring all their issues into the start-up but the start-up is a one-way briefing where we communicate the day's work and the expectation for the day. That became a forum where people used to go in and they'd berate managers over different issues, that this wasn't done and you didn't adhere to this, that and everything else but we find now with the personal relationship and the engagement piece that we're doing with people, where you're going out and you're speaking to them on a one-to-one level, if a lad has an issue he's more likely to relay the issue to you out of respect and because you'll resolve the issue there and then on a one-to-one level rather than regurgitating it the following day where there's 20, 30 guys standing in a room and it can be more boisterous and it's a very challenging meeting for a line manager to come in and conduct. So as I said the more we do on a one-to-one level, it's all about the engagement. (Team Manager)

All of these kinds of meeting between managers and team members, the start-ups, the huddles and the one-to-ones, are seen as replacing a form of communication that was previously part of the culture of the organization, which was mediated through elected union representatives. All of the distribution team members, both salaried and hourly-paid, are SIPTU members:

We have something that we used to have as a clinic. We set up a union clinic to allow the shop steward to go up and the members off the floor to come up to the shop steward but what we noticed was we were creating a forum where they were bypassing the line manager because there was this clinic up there that was set for two, three days a week. We've now restricted that; it's probably four hours a week. Each shop steward has his clinic and he can sit there and the people come to him. (Operations Manager)

Direct communication between line managers and team members at both individual and group levels has replaced the more arm's length approach of working through the union. This is not presented by managers as a union-replacement strategy:

But we notice over the last couple of years that there's less and less people going up to these clinics. We still afford the reps the four hours, I think this is out of common courtesy, but you'd notice that people are coming to you

as the manager now because as we said there's a different spec of manager on the floor I think now to what there was a couple of years ago. So if you're dealing with someone on a one-to-one level you're going out there, you're engaging with them, you're speaking to them. He's comfortable coming to you with issues. (Team Manager)

As well as being trained for this leadership style, and having aspects of it included in their performance assessment, line managers believe that they have the authority to resolve issues:

With the backing of these guys, our own managers... these issues can be very, very simple to resolve. Some things eat in on people and it puts them in bad form, you can almost see people in bad form straight away; at six o'clock in the morning a Team Manager knows that a certain person is in bad form or whatever, you can pre-empt it and we can work through it from there. (Team Manager)

We wouldn't be in the position that we're in and people wouldn't be going to line managers if they weren't resolving issues. So in other words, and that's a historical problem and it's a problem in most places, I'd say, where somebody brings an issue to a manager who says 'yeah I'll look after that' but then doesn't, they don't go to that manager anymore, they go to the union rep. We've flipped that for the depot because the guys are now saying 'yeah, I'll look after that, I care about that, I care about what you're saying to me, that makes sense to me.' And equally they're strong enough to go back to people and say 'no I can't do that and this is why.' I suppose in terms of conflict in the Depot as well we've learnt lessons over the years. We're all at it a long time now. (Operations Manager)

Regarding the sick leave scheme, and by contrast with the situation described above in which the line manager's contact with an ill employee was limited:

Now you'll see the guy coming in, every second week we'll say, for an absence review meeting, he'll touch base with HR and some operations level. He'd touch base with you out of common courtesy being your line manager to say 'listen I'm in, just give me an update where I am.' In the past as I said you'd have went six months without seeing this guy, now

you'd see him every second week and he'd be coming in and that's also two-way as well. (Team Manager)

With regard to the quantum and types of conflict, it is too early to say yet whether or not the new approach has given rise to different outcomes. Table 10.4 shows the number of disputes dealt with by the Labour Court since 1987.

Table 10.4: The Labour Court and Musgrave, 1987–2014

Year	No. of disputes	Type	LCR No.	Issue
1987	1	Collective	LCR11522	Payment for extra duties
1988	0			
1989	1	Collective	LCR12490	Compensation for past service
1990	0			
1991	0			
1992	1	Collective	LCR13854	Compensation for loss of earnings
1993	0			
1994	0			
1995	0			
1996	0			
1997	1	Collective	LCR15674	Productivity
1998	1	Collective	LCR15806	Rostering
1999	0			
2000	0			
2001	1	Collective	LCR16866	Pay increase
2002	1	Individual	ADO278	Unfair Dismissal
2003	0			
2004	2	Collective	LCR17770	Bonuses
		Individual	ADO45	Unfair Dismissal
2005	2	Collective	LCR18138	Relocation
			LCR18354	Performance Standards
2006	2	Collective	LCR18574	Pay
			LCR18765	Redundancy
2007	1	Individual	ADO77	Attendance – Discipline
2008	0			
2009	2	Collective	LCR19485	Night shift differentials
			LCR19680	Christmas rates
2010	2	Collective	LCR19830	Allowances
			LCR19848	Pay and work practices
2011	2	Collective	LCR20109	Pay and work practices
			LCR20143	Redundancy
2012	1	Collective	LCR20248	Redundancy
2013	0			
2014	1	Individual	WTC/13/196	Organisation of Working Time

Source: Labour Court Online Database

In the 28 years since 1987, the Labour Court has dealt with 18 collective and three individual disputes involving Musgrave and the ITGWU or SIPTU. Three disputes which are known to have taken place are excluded from the table. The 2007 strike involving the Independent Workers' Union is not recorded here since it was resolved without Labour Court intervention. In addition, as noted above, the Equality Tribunal dealt with two individual complaints, in 2012 and 2013.

The perception of managers that change management had been 'difficult' might reflect the significant increase in the number of collective disputes in the first decade of the current millennium, following the establishment of the Fonthill Depot as a 'team management' initiative in 1999. From 1991 to 2000 there were three collective disputes but between 2001 and 2010 there were 10, in addition to the 2007 strike. Similarly, while there had been no individual disputes from 1991 to 2000, there were three between 2001 and 2010. This is not to suggest that the team management approach caused the level of conflict that is observed. However, it would not be surprising if the level of conflict coloured managerial views of that initiative.

The evidence of this section suggests that, while there is no indication of a 'union-free' strategy on the part of Musgrave, there is potential for significant negative consequences for unions in the new management approach. Line managers are now willing and able to address and resolve issues that would previously have been referred to union leaders, whether elected representatives or full-time officials. Day-to-day shop-floor conflict, which would previously have been processed through the union 'clinics' and the agreed procedures, is now filtered out and dealt with locally by managers in direct communication with the team members concerned. As a result, there appears to be a decreasing need for union presence on the floor and, as a corollary to this, of material for the elected union representatives to get their teeth into. Should this trend continue, it would seem to set a serious challenge for continued union organization.

Conclusions

The study of the Musgrave case has shown line managers taking on additional responsibilities in areas including trouble-shooting and the resolution of grievances and conflicts that would previously have been considered the preserve of HR management. At the same time, there has been a shift of focus on the part of the organization towards the engagement of employees and the role of managers as leaders, whose job is to nurture that engagement.

Prior studies have shown that such a significant increase in line-managerial workload and responsibility has led to a number of problems, including role overload, inadequate training, a failure to prioritize employment issues and a perceived lack of senior management support (Purcell, 2014: 237; Teague & Roche, 2012: 242). However, the experience of line managers in Musgrave's Fonthill Depot suggests that the company has found a way of addressing these problems. It is clear that line managers have taken on additional work but they appear to be satisfied that they have both the time and the resources to carry out the extra duties. Their training programme has met their requirements and has given them the confidence to espouse the company values and to address assertively any conflict that arises. The inclusion of the communications and leadership elements among their key performance indicators (KPIs) and the discussion of these aspects of their work in the performance development reviews (PDRs) ensure that employment issues remain as high among their priorities as operational matters. Finally, they are in no doubt that they have senior management support, from the top management team through the senior line and support functions.

It is too early to say whether or not this approach can be considered to have been successful, either by minimizing conflict or by increasing the organization's competitiveness in a more demanding market environment. However, it is clearly successful in the sense that the line managers concerned are willing and able to proceed with an approach in which they take upon themselves the responsibility for the sense of engagement of the team members who report to them, and for ironing out any difficulties that arise.

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